

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7909**

**BILL NUMBER:** SB 550

**NOTE PREPARED:** Feb 21, 2003

**BILL AMENDED:** Feb 20, 2003

**SUBJECT:** Medicaid and CHOICE.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill extends the Select Joint Commission on Medicaid Oversight to December 31, 2008. The bill also requires that a provider who provides services to an individual under the Community and Home Options to Institutional Care for the Elderly and Disabled (CHOICE) program is reimbursed at the same rate as a provider who provides the same services under Medicaid.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** (Revised) *Select Joint Commission on Medicaid Oversight:* The bill extends the authority for the Select Joint Commission on Medicaid Oversight from December 31, 2003, to December 31, 2008. The Commission is composed of 12 legislators. Currently, legislators receive per diem reimbursement of \$129 (based on the maximum daily amount allowable to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area) and \$0.345 mileage reimbursement. Legislative Council resolutions in the past have established budgets for interim study committees ranging from \$6,000 to \$9,000 per interim for committees with fewer than 16 members. The Legislative Council is funded with state General Fund dollars.

*CHOICE Reimbursement Equal to Medicaid Reimbursement:* This bill requires that the Division of Disability, Aging, and Rehabilitative Services (DDARS) revise the CHOICE program reimbursement levels to equal that paid under the Medicaid program. DDARS staff reports that the list of services that are provided under the Medicaid waivers and under the CHOICE program are essentially the same. The difference between the program services is mainly in rates and providers. CHOICE is a locally controlled program: currently, the local Area Agency on Aging (AAA) determines the providers, negotiates a local rate, and pays that rate. However, rates for Medicaid waiver services are set on a statewide basis, and the providers must

meet Medicaid program standards. This provision may or may not have an impact on the total cost of the CHOICE program depending upon how specific services in various localities are impacted by the standardization of reimbursement. DDARS has reported that generally the AAAs reimburse more for CHOICE services and have more flexibility than is allowed under the Medicaid program. The provision may result in some savings to the CHOICE program. The bill does not specify that the Medicaid waiver rates may not increase. It requires the rates be the same so the programs do not compete against each other. A reduction in CHOICE rates may also require an increase in Medicaid waiver rates in order to standardize the program payments. Whether the standardization of rates results in a reduction in the total CHOICE program expenditures or allows for an increase in the total number of persons receiving CHOICE services, or provides for a transfer of CHOICE funding to provide state matching funds for increased rates in the waivers will be the result of legislative or administrative actions.

*This note will be updated when additional information regarding reimbursement rates is available.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Division of Disability, Aging, and Rehabilitative Services.

**Local Agencies Affected:**

**Information Sources:** Amy Kruzan, Legislative Liaison for the Family and Social Services Administration, (317)-232-1149.

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